

results of the pilot program showed that for days when ambient air temperatures reach at least 95 degrees, the average load reduction per participating customer was 1.11 kW. Based upon average daily temperatures since 1950, the Company determined that the Treasure Valley experienced an average of more than 20 days each summer when the ambient air temperature reaches at least 95 degrees Fahrenheit. During the pilot program, Idaho Power paid customers who voluntarily participated \$10 per month for the three-month period.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company now wishes to permanently implement a voluntary AC Cycling Program for residential customers who reside in Ada or Canyon County and in the Emmett area. The City of Emmett was included because the Company has installed advanced meter reading (AMR) capabilities. By including Emmett in the program, the Company will be able to evaluate economies of scope that may occur by coupling the AC Program with AMR capabilities. Application at 4. The Program would be a dispatchable direct load control program to manage capacity, not energy.

YOU ARE FURTHER NOTIFIED that the Company proposes to limit participation in the Program to residential customers who meet certain criteria including, but not limited to: energy usage, residential location, size of home, and the presence of fully functional central air conditioners that are in compliance with the National Electric Code. Customers who are renting or leasing their homes must provide the Company written proof of expressed permission of the owner of the central air conditioning system prior to acceptance into the program. *Id.* at 5.

YOU ARE FURTHER NOTIFIED that the Company proposes to install direct load control switches which will enable it to cycle participants' central air conditioners. When conditions are met, the Company will send a signal to its load device to initiate a "cycling event." As proposed by the Company, a cycling event may be up to four hours per day for any weekday during the three-month season. A cycling event may occur over a continuous four-hour period or may be segmented throughout the day at the Company's discretion in order to optimize available resources. Cycling events may occur up to 40 hours each month and will not exceed a total of 120 hours during the three-month season. Mass memory meters or end-use meters will be installed on some participants' residences or air conditioning units for program evaluation purposes. *Id.*

YOU ARE FURTHER NOTIFIED that in exchange for allowing the Company to cycle the central air conditioner, participating residential customers will receive a monthly monetary incentive of \$7.00 per month that will be included as a credit on the customers' monthly bill beginning with their July bill and ending with their September bill. In order to receive the incentive payment for the initial month, eligible customers must begin participating in the program no later than the 20th day of the month in order to receive an incentive payment for that initial month.

YOU ARE FURTHER NOTIFIED that the Company proposes that each participant will be permitted to temporarily "opt out" of the program for one day each month after providing Idaho Power with advance notice. There would be no penalty for terminating program participation at any time.

YOU ARE FURTHER NOTIFIED that the Company anticipates fully implementing this program within five years. During the first five years of the program, the Company estimates that annual program costs will average approximately \$2.2 million per year. Once fully implemented, the Company anticipates that the annual program costs will be approximately \$1.5 million per year. The higher initial costs are attributable to the Company purchasing the direct load control switches and installing these switches and memory meters. Once fully implemented, the Company anticipates that the annual costs will be apportioned as follows: administration and promotion – 16%; capital equipment and installation – 30%; and monthly incentives paid to customers – 54%. *Id.* at 6. To defray its costs of the program, the Company intends to use monies collected under its Energy Efficiency Rider (Schedule 91) to finance the AC Program.

YOU ARE FURTHER NOTIFIED that the proposed AC Program was recently reviewed by the Company's Energy Efficiency Advisory Group. The Company maintains that the Advisory Group generally supported implementation of the program.

YOU ARE FURTHER NOTIFIED that the Company asserts that the AC Program will be cost effective. The Company states that it performed a benefit-cost ratio analysis that resulted in a benefit-cost ratio of 1.07 by the tenth year of operation and a ratio of 1.42 over a 30-year period. Based upon these benefit-cost ratios, the Company anticipates that the AC Program benefits are expected to exceed program costs by the tenth year of operation.

YOU ARE FURTHER NOTIFIED that the Application included a proposed tariff Schedule 81 which contains the elements of the AC Program.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the Application and has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case. Consequently, the Commission intends to process this Application under Modified Procedure, IDAPA 31.01.01.201 to 204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment **in support or opposition with the Commission no later than Friday, January 21, 2005.** The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this application may be mailed to the Commission and the Applicant at the addresses reflected below:

COMMISSION SECRETARY
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074

Street Address for Express Mail:

472 W WASHINGTON ST
BOISE, ID 83702-5983

MONICA MOEN
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-mail: mmoen@idahopower.com

TIMOTHY TATUM
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-mail: ttatum@idahopower.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.state.id.us. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. Electronic comments must also be sent to the Applicant at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that Idaho Power Company may file reply comments with the Commission **no later than Friday, January 28, 2005.**

YOU ARE FURTHER NOTIFIED that the Application together with the proposed tariff Schedule 81 has been filed with the Commission and is available for public inspection during regular business hours at the Commission offices. The Application may also be reviewed on line at www.puc.state.id.us by clicking on "File Room" and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter and Idaho Power, an electric utility, pursuant to the authority and power granted under Title 61 of the Idaho Code and specifically *Idaho Code* § 61-336. The Commission may enter any final Order consistent with its authority.


YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that persons desiring to submit written comments regarding this Application must do so no later than January 21, 2005.

IT IS FURTHER ORDERED that Idaho Power Company may submit reply comments no later than January 28, 2005.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 17th
day of December 2004.



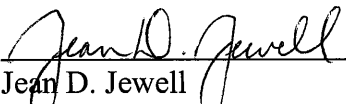
PAUL KJELLANDER, PRESIDENT

Commissioner Smith Out of the Office
MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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